



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
DAVIESS COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
DAVISS COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Daviess County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Best Practices:

- We commend the Sheriff and his staff for excellent bookkeeping practices.

Financial Condition:

The Sheriff's Operating Fund with the State Treasurer had a fund balance of \$156,450 as of December 31, 2000. Revenues increased by \$79,158 from the prior year and disbursements increased by \$302,104. The Daviess County fiscal court received \$231,457 from the operations of the Sheriff's office and made a contribution of \$828,906 to the Sheriff's office.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Reid Haire, County Judge/Executive
Honorable Keith Cain, Daviess County Sheriff
Members of the Daviess County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Sheriff of Daviess County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2000. These financial statements are the responsibility of the County Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Sheriff and the receipts, disbursements, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Reid Haire, County Judge/Executive
Honorable Keith Cain, Daviess County Sheriff
Members of the Daviess County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2001, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

- We commend the Sheriff and his staff for excellent bookkeeping practices.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 30, 2001

DAVIESS COUNTY
KEITH CAIN, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2000

Receipts

Federal Grants		\$	88,758	
State Grants			115,740	
State Fees for Services			80,781	
Circuit Court Clerk			72,550	
Fiscal Court			828,906	
County Clerk			13,153	
Commission on Taxes			741,255	
Fees Collected for Services:				
Auto Inspections	\$	38,671		
Accident and Police Reports		6,756		
Serving Papers		95,729		
Carrying Concealed Deadly Weapons Permits		25,772		
Sheriff's Advertising Fees		7,965		
Miscellaneous		3,485		
Sheriff's 10% Add on Fees		73,626		252,004
Other Receipts:				
Prisoner Transports	\$	20,579		
Reimbursed Expenses		24,526		
Daviess County School Board - D.A.R.E. Officer		15,600		
Apollo High School - School Resource Officer		25,000		
Interest Earned		58,387		144,092
Total Receipts			\$	2,337,239
Payments to State Treasurer:				
75% Operating Fund (Note 7)	\$	2,105,782		
25% County Fund		231,457		2,337,239
Balance Due at Completion of Audit			\$	0

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY
KEITH CAIN, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2000

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2000	\$ 189,698	\$ 0	\$ 189,698
Receipts			
Fees Paid to State - Operating Funds (75%)	2,105,782		2,105,782
Fees Paid to State - County Funds (25%)		231,457	231,457
Total Funds Available	<u>\$ 2,295,480</u>	<u>\$ 231,457</u>	<u>\$ 2,526,937</u>
<u>Disbursements</u>			
Personal Services-			
Sheriff	\$ 73,426	\$	\$ 73,426
Deputies' Salaries	1,227,841		1,227,841
Overtime Gross	28,032		28,032
Employee Benefits - Statutory Requirements			
Employer's Share Social Security	94,210		94,210
Employer's Share Retirement	197,048		197,048
Employer's Paid Health Insurance	260,391		260,391
Contracted Services-			
Advertising	9,396		9,396
Materials and Supplies-			
Office Supplies	9,332		9,332
Uniforms	20,176		20,176
Other Charges-			
Training	5,909		5,909
Travel	4,366		4,366
Telephone	6,249		6,249
Cellular Telephone	7,401		7,401
Unemployment Insurance	2,370		2,370
Radio and Siren Maintenance	15,145		15,145

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY
 KEITH CAIN, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE
 SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER
 Calendar Year 2000
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements</u> (Continued)			
Other Charges- (Continued)			
Equipment	\$ 3,844	\$	\$ 3,844
Miscellaneous	12,727		12,727
Carrying Concealed Deadly Weapons Licenses	17,090		17,090
Auto Expenses-			
Gasoline	50,011		50,011
Vehicle Maintenance and Repairs	58,338		58,338
Capital Outlay-			
Office Equipment	11,377		11,377
Equipment	4,963		4,963
Computers	6,099		6,099
Reimbursed Expenses	13,289		13,289
Payments to the Daviess County Fiscal Court		231,457	231,457
Total Disbursements	<u>\$ 2,139,030</u>	<u>\$ 231,457</u>	<u>\$ 2,370,487</u>
Fund Balance - December 31, 2000	<u>\$ 156,450</u>	<u>\$ 0</u>	<u>\$ 156,450</u>

The accompanying notes are an integral part of the financial statements

DAVIESS COUNTY
KEITH CAIN, SHERIFF
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The Attorney General issued a letter, which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

DAVISS COUNTY
KEITH CAIN, SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bonds which named the Sheriff as beneficiary/obligee on the bonds.

Note 4. Kentucky Law Enforcement Foundation Program Fund (KLEFPF)

The Daviess County Sheriff's office participates in the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). Under the program, grant funding is available as incentive pay through the Commonwealth of Kentucky Department of Criminal Justice Training. Per KRS 15.460, an eligible officer is entitled to receive an annual maximum of \$2,750. During calendar year 2000, the Daviess County Sheriff's office received and expended \$105,740.

DAVISS COUNTY
 KEITH CAIN, SHERIFF
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2000
 (Continued)

Note 5. Community Oriented Policing Services Grant

In 1999, the Daviess County Sheriff was awarded a universal hiring grant under the Community Oriented Policing Services (COPS) program from the United States Department of Justice in the amount of \$225,000, to be expended over three years. During calendar year 2000, the Sheriff received and expended funds totaling \$88,758.

Note 6. Special Investigations Fund

The Daviess County Sheriff maintains a Special Investigations Fund for monies received from drug related arrests. The balance of the fund as of January 1, 2000 was \$21,562. Receipts consisting primarily of drug seizures and interest were \$22,292. Disbursements consisted primarily of expenditures for drug crime fighting supplies were \$22,478. The Special Investigations Fund balance as of December 31, 2000 was \$21,376.

Note 7. Reimbursed Expenditures

The amount deposited to the Sheriff's Expense Fund (75%) with the Kentucky State Treasurer included reimbursed expenditures. The reimbursed expenditures include amounts from the State and payments from the County as well as refunds. The following table details reimbursed expenses, of which 100% were credited to the 75% Expense Fund.

Kentucky Law Enforcement Foundation	
Policing Fund	\$ 105,740
Other State Grant	10,000
Federal COPS Grant	88,758
Fiscal Court Assistance	828,906
Reimbursed Expenditures	24,526
Daviess County School Board - D.A.R.E. Officer	15,600
Apollo High School - School Resource Officer	25,000
100% Fees	312,881
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Total	\$ 1,411,411
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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Members of the Daviess County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the receipts and disbursements of the Daviess County Sheriff and the receipts, disbursements, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2000, and have issued our report thereon dated November 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Daviess County Sheriff's financial statements as of December 31, 2000, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Daviess County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 30, 2001

